

VZCZCXRO5230  
RR RUEHCHI RUEHCN RUEHHM  
DE RUEHDT #0018/01 0130345  
ZNR UUUUU ZZH  
R 130345Z JAN 09  
FM AMEMBASSY DILI  
TO RHOVVKG/COMSEVENTHFLT  
INFO RUEHC/SECSTATE WASHDC 4199  
RUEKJCS/SECDEF WASHDC  
RUEHKS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS  
RUEHKO/AMEMBASSY TOKYO 0924  
RUEHBY/AMEMBASSY CANBERRA 1252  
RUEHLI/AMEMBASSY LISBON 1095  
RUEHBJ/AMEMBASSY BEIJING 0094  
RHHMUNA/USPACOM HONOLULU HI  
RUEHDT/AMEMBASSY DILI 3702

UNCLAS SECTION 01 OF 04 DILI 000018

SENSITIVE  
SIPDIS

FOR VADM BIRD FROM AMBASSADOR KLEMM

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [PMIL](#) [OTRA](#) [TT](#)

SUBJECT: SCENESETTER FOR THE VISIT TO TIMOR-LESTE BY VADM JOHN M.  
BIRD

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#### Summary

1. (SBU) The visit of Vice Admiral Bird to Dili comes at a perfect time as we seek to encourage the Government of Timor-Leste's active leadership over the reform of its security sector. VADM Bird will be the highest ranking foreign official to visit Dili in 2009 from any nation and will underline the U.S. commitment to Timor-Leste's stability and to regional security. While still facing enormous challenges of poverty, there are hopeful signs of increasing stability with the country now in its twelfth consecutive month without a serious incident of political violence or instability. The country's leadership appears increasingly aware that it must begin to act to hasten reform of the country's police and military to sustain this stability, an awareness prompted in significant part due to the September 2008 national security policy development workshop supported by PACOM. Admiral Bird's meetings with the Timorese leadership will allow us to emphasize our continued commitment to support reform, especially the professionalization of Timor-Leste's defense force; and to explore possible avenues of future engagement, in particular towards the development of Timor-Leste's maritime security capabilities. End summary.

#### Economic and Social Setting

2. (U) Timor-Leste is Asia's poorest country, with half of its population living on less than a dollar a day, 85% of its labor force engaged in subsistence agriculture, illiteracy running at well over 50%, and more than half the population stunted from malnutrition. Timor's poverty is correlated with enormous gaps in social infrastructure, distinguished by a poor national road network; inadequate telecommunications (less than 1% of households has a landline telephone); a single, increasingly congested seaport; an electricity grid that supplies power to only a third of the country's households and then only for short segments of the day; a health services infrastructure barely able to cope with one of the world's highest rates of maternal and child mortality; an education system in which less than a fifth of schoolchildren has a chair or desk, and more than half without textbooks; poor water and sanitation facilities (two-thirds of adults fetch water at least once a week); and a single international airport that can handle planes no larger than a 737. Timor-Leste is not without resources, however. It has more than \$3.8 billion in a sovereign wealth fund due to

accruals from modest oil deposits, and zero international debt. It also benefits from the generosity of the international community, with the government forecasting receipts of more than \$220 million from bilateral and multilateral donors in 2009. The IMF estimates the economy grew by a real 10% in 2008 due almost solely to increased government spending.

#### Political Context

13. (SBU) Since acquiring independence in 2002, Timor-Leste has established a pattern of periodic violence or instability, with large-scale disturbances occurring almost yearly. The most serious crisis occurred in 2006, when a mutiny of army regulars precipitated open combat between the police and military, the collapse of the central government, widespread property damage, and the displacement of 150,000 persons from their homes and into large and wretched camps around Dili. To restore order in 2006, an Australian-led International Stabilization Force (ISF) intervened and a renewed United Nations mandate established a large police presence. Both forces remain in Timor in considerable strength. They were unable to prevent, however, the most recent incident of political violence when, on February 11, 2008, the President was critically wounded and the Prime Minister also came under gunfire.

14. (SBU) Major causes of Timor's instability include a highly contentious political elite; weak, politicized, poorly motivated or poorly directed security institutions; poor access to justice and a culture of impunity, especially among the elite; and the disillusionment and disempowerment that has accompanied Timor's failure to raise its people out of grinding poverty. The government of Prime Minister Gusmao, installed in August 2007, set out to tackle the primary consequences of the 2006 crisis, and to some extent its causes, and recorded significant success

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in 2008. It largely has closed the many internally displaced persons camps that were stubbornly scattered across Dili until just months ago. The government also resolved remaining grievances held by the "petitioners," the soldiers that left the defense force in early 2006, and introduced a pension system for veterans, the elderly and the infirm (a daunting logistical challenge in a rugged country without a postal system or banking network). The prime minister designated 2009 as the year of infrastructure and rural development as a means of signaling his government's intent to speed economic growth and tackle the scourges of poverty and unemployment. In recognition of the signs of increasing stability in Timor - the country is now in its twelfth consecutive month without a major incident of political unrest - the Department of State lifted its travel advisory in September 2008.

#### Security Sector: Reform Needed

15. (SBU) To transform themselves into protectors of the people and sources of stability, both Timor-Leste's national police (PNTL) and defense force (F-FDTL) require substantial reform. The poorly-led, unmotivated, under-resourced and ill-trained police force is also tainted by its historical antecedents with the Indonesian police force and a recent history of severe politicization. Consequently, UNPOL retains full operational command of police responsibilities throughout Timor-Leste, although a phased process of resumption of Timorese control is to begin in March 2009. The military largely represents the rump of the armed resistance to the Indonesian occupation, one that is justly proud of its legacy as a guerrilla force in the mountains of Timor, but wholly lacking in command, discipline, training and logistics capabilities that feature in a modern, professional army. The roles and responsibilities of the PNTL and F-FDTL are ill-defined in law or regulation, and civilian command often has been wanting at best, contributing to their frequent mutual conflict.

16. (SBU) Reassuringly, the need for reform is recognized across

the Timorese leadership spectrum and the donor community, especially the UN and Timor-Leste's key democratic partners, has signaled strong readiness to assist reform. A significant positive development occurred after the February 11, 2008, assassination attempts when the army and the police were placed together under a joint command to bring the perpetrators to justice. They did so successfully and peacefully, restoring a good deal of trust and confidence between the two forces. Their performance was tarnished, however, by many cases of abuse of human rights and authority. Sadly, such incidents continue to occur on a regular basis.

#### U.S. Support of Reform

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17. (SBU) Since mid-2007, the U.S. has substantially increased its engagement with the Timorese government towards reform of its military. Our core objective has been to enhance the ability of the government to provide stability and security for its citizens, for without stability there can be no realistic hope for sustained, long term economic and social development. To do so, we've focused on the goals of reforming and strengthening the country's security institutions; enhancing civilian command, including through the development of the country's legal infrastructure; and supporting the professionalization of the F-FDTL and PNTL.

18. (SBU) Support from and engagement by the U.S. Pacific Command has been essential and generous. In the past eighteen months, PACOM Commander Admiral Keating, PACFLT Commander Admiral Willard and MARFORPAC Commander Lt. General Goodman have all visited Timor-Leste. The USNS Mercy completed a 15 day deployment here in July 2008 and the USS Port Royal received a warm welcome in December 2007. A company from the 31st MEU spent a very productive two weeks in April 2008 interoperating with the ISF and supporting several community relations projects. A delegation led by the Defense Institute of International Legal Studies conducted an analysis of the legal infrastructure supporting Timor's security sector in August 2008. A high-level USN, U.S. Coast Guard and U.S. Marines assessment team in November 2008 surveyed the prospects for future engagement. And with full PACOM support, the Asia

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Pacific Center for Security Studies hosted a historic workshop in September 2008 to facilitate the drafting of Timor-Leste's first national security policy. This investment, which brought together seventeen Timorese leaders from government, parliament, military, police and civil society, has done more than any other in recent years to emphasize for those who participated and other Timorese leaders the strength and authenticity of the U.S. commitment to Timor's reform and development.

#### Importance to Timor of Maritime Security

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19. (SBU) There is a strong and broad consensus among the Timorese leadership that the country must strengthen its maritime security capabilities. This came out clearly in the Honolulu workshop and in a subsequent September 2009 meeting with Admiral Willard. Accordingly, it is viewed as a priority that Timor's security forces raise their ability to defend the country's maritime domain to protect its fishery and petroleum resources, prevent sea-based incursions by traffickers or other criminals, and contribute to regional maritime security. There are disagreements on the means, however, with even members of the governing coalition vocally opposed to the decision to purchase two patrol boats from China. Many look to the U.S. for assistance, including a prominent member of the opposition who flatly states that the U.S. should have the lead in assisting the development of Timor's navy. President Ramos Horta repeatedly and publicly urges closer defense cooperation with the U.S. and Australia, including on the development of Timor's maritime capabilities.

Donor coordination

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¶10. (SBU) The coordination of military or police assistance to Timor-Leste is at best ad hoc, with the Timorese government unable or reluctant to provide leadership. Early in 2008 at our initiative, ambassadors to Dili from Australia, Japan, Portugal, New Zealand and the U.S. began to meet periodically to improve information sharing, especially regarding maritime security assistance, supplementing regular contact among local defense attachés. In effort in 2008 to include security sector reform as part of a government-led national priorities process with full donor participation failed largely due to lack of engagement by key Timor defense actors. During Admiral Willard's July 2008 visit, Secretary of State for Defense Pinto openly shared his concerns of having many generous partners ready with assistance to meet Timor's many needs, while knowing that the aid is often competitive, conflicting or incoherent. He openly confessed his inability to effectively coordinate and optimize foreign assistance. Donors with current maritime security programs in Timor, or those that have expressed interest in aiding Timor's maritime sector include Portugal, Australia, China, Japan, Indonesia, Canada, India, New Zealand, Britain, Germany, Korea and the United Nations. Secretary Pinto subsequently asked for U.S. support to convene a conference and help him enhance the coordination of assistance to Timor's maritime security sector. Embassy Dili continues to explore means of possible facilitation.

Your Visit to Timor  
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¶11. (SBU) Your visit to Dili comes at a perfect time. The Honolulu APCSS workshop spurred recognition among Timorese leaders of the necessity of moving forward on reform of the security sector. Not surprisingly, reform is a highly sensitive and political subject in Timor-Leste, and while there has been a general awareness that the police and military must be overhauled, particularly given their tragic contribution to the 2006 crisis, there has been scant action. The UN in particular has a long record of failure in initiating reform. But, following the September workshop the Prime Minister told me he will turn his attention to security sector reform early in 2009 - his attention and commitment will be critical to its success. Last month, the President hosted a seminar on the topic to prompt action, and his advisors subsequently consulted with me on options for the sequencing of reform and how the U.S. can assist. Your encouragement will ensure this momentum is maintained.

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¶12. (SBU) We hope to secure meetings for you with the Prime Minister, Foreign Minister, Secretary of State for Defense, and the relevant commanders of the F-FDTL. A meeting with the President of the Parliament would also be useful. (Note: the Parliament will be in session during your stay to debate the government's 2009 budget; these debates are the major event on the Timor legislative calendar and may tie down one or more of our target ministers. End note.) Each of these meetings will offer an opportunity to discuss the following themes.

¶A. The U.S., including PACOM and the Pacific Fleet, is committed to assisting the government of Timor-Leste provide stability and contribute to regional security.

¶B. The U.S. is ready to explore how we might best support Timor-Leste's implementation of the results of the Honolulu workshop; how can the U.S. further support the development of a national security policy or law, and the reform of your security institutions?

¶C. The U.S. Pacific Command is analyzing the findings of the November assessment mission and will soon propose avenues of future U.S. engagement in Timor-Leste.

¶D. We are always eager, however, to receive your suggestions on

how the U.S. might best support the professionalization of Timor-Leste's military, especially the development of your naval capabilities.

1E. The U.S. Navy is grateful for Timor-Leste's warm welcome of the USNS Mercy in 2008 and the USS Port Royal in 2007. We look forward to the successful visit of the USS Lassen during the week of January 26, 2009.

(If raised by Secretary Pinto)

1F. We strongly recognize the importance of effective donor coordination. As we design our future engagement in Timor-Leste, the U.S. will follow your leadership and be as transparent as possible with your partners. The U.S. Embassy is exploring possible mechanisms to assist your goal of enhancing donor coordination.

KLEMM